



Crop Insurance Professionals Association LLC.

499 South Capitol Street, SW, Suite 408, Washington, DC 20003, (202) 479-4370

May 25, 2010

Dear U.S. Farm and Commodity Organizations:

On behalf of the Crop Insurance Professionals Association (CIPA), I want to thank you for your ongoing efforts to safeguard the agriculture budget and to ensure the continued availability of federal crop insurance to our nation's farmers and ranchers.

Unfortunately, despite these efforts and those of many friends of American agriculture on Capitol Hill, we remain deeply concerned about both of these important issues and the adverse implications these matters hold for the future of the Farm Bill and federal crop insurance.

As I set forth in my testimony before the House Agriculture Committee on May 17 in Lubbock, Texas, there are at least two common sense solutions to resolve both problems and still achieve the Department's objective of reducing delivery costs under federal crop insurance.

First, USDA could bring total cuts to delivery down to a level that does not exceed the level Congress specifically rejected during debate over the 2008 Farm Bill, and employ reasonable policies to achieve those savings to ensure that delivery to the farmer is not adversely affected. For example, the current A&O calculation proposes to cut total A&O in some of our most important producing states by 45% from 2009 levels, and by more than 60% relative to 2008 highs. No amount of rhetoric or PR can mask the obvious damage that a cut of that magnitude would work upon service to the farmer and to jobs in rural communities.

The cuts should be brought down to reasonable levels, and, importantly, any and all savings from an SRA renegotiation should be reinvested back into federal crop insurance to achieve the goal of producers of all crops in all regions have the real option to purchase 85% coverage within five years. In my testimony, I list a number of critical steps that could be taken by the agency to achieve this important objective, including comprehensively addressing the Actual Production Histories (APH) so that it truly reflects what the producer would reasonably expect to produce.

Second, as an alternative way to address the amount of money in the crop insurance system, USDA could cease further SRA renegotiations and instead lower the premium rates for all producers. The effect of such a step would be to lower producer premiums, while also lowering government costs on premiums, A&O, and underwriting gains. This is a straightforward means of achieving savings in delivery costs while helping the producer – the proverbial win-win-win for farmers, taxpayers and the program. This approach would also work toward the goal of achieving greater access to higher quality coverage as producers use savings to buy better coverage.

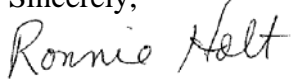
May 25, 2010

Page 2 of 2

In sum, as agents, we believe that any savings achieved by the Department should do no harm to federal crop insurance and, whether achieved through an SRA or rerating process, the savings ought to be deployed to the benefit of the farmer and rancher.

As the SRA renegotiation continues, we look forward to working with you on our shared objectives of protecting the agriculture budget and federal crop insurance. We hope you will consider the two common sense approaches we offer that could save taxpayer money while actually continuing the advances in crop insurance made since 2000 rather than harmfully reversing them.

Sincerely,

A handwritten signature in cursive script that reads "Ronnie Holt".

Ronnie Holt
Chairman